



JACKIE CONTRERAS, Ph.D.
Acting Director

**County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

425 Shatto Place, Los Angeles, California 90020
(213) 351-5602

Board of Supervisors

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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

June 21, 2011

#12 JUNE 21, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

REQUEST TO APPROVE AMENDMENT NUMBER EIGHT TO FAMILY PRESERVATION SERVICES CONTRACT NO. 04-025-50 ASSIGNMENT AND DELEGATION OF THIS CONTRACT FROM SOUTH BAY ALCOHOLISM SERVICES DBA NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE OF THE SOUTH BAY TO BEHAVIORAL HEALTH SERVICES, INC. (ALL DISTRICTS) (3 VOTES)

SUBJECT

Requesting your Board's consent to the merger between South Bay Alcoholism Services dba National Council on Alcoholism and Drug Dependence of South Bay (NCADD) and Behavioral Health Services, Inc., effective July 1, 2011.

IT IS RECOMMENDED THAT YOUR BOARD:

1. It is recommended that your Board consent to the assignment and delegation of rights and responsibilities of Family Preservation Services contract number 04-025-50 from South Bay Alcoholism Services to Behavioral Health Services, Inc. effective July 1, 2011; and
2. Approve and execute Amendment Number Eight (Attachment A) assigning contract number 04-025-50 to Behavioral Health Services, Inc., effective July 1, 2011.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Board approval of this recommended action ensures uninterrupted delivery of Family Preservation

(FP) services to children and families receiving services from the Department of Children and Family Services' (DCFS) Torrance office, and from its FP contractor South Bay Alcoholism Services. The proposed Amendment gives consent to the merger and assigns the rights and responsibilities from South Bay Alcoholism Services to Behavioral Health Services, Inc. FP services are provided to strengthen and preserve families who are at risk or experiencing problems in family functioning, with the goal of assuring children reside in safe and nurturing environments. This action will ensure uninterrupted services for approximately 240 families each year.

A new organizational entity is not being formed as a result of the proposed acquisition of South Bay Alcoholism Services (SBAS) by Behavioral Health Services, Inc. (BHS). Ultimately resulting in BHS as the surviving (acquiring) organization. BHS' articles of incorporation will remain unchanged and the process to assume the fictitious business name of National Council on Alcoholism and Drug Dependence of the South Bay is expected to be completed. The Prospective Contractor's Organization Questionnaire/Affidavit is in compliance with Board Policy Number 9.041, Evaluation of Vendors/Contractors Engaged in Mergers or Acquisitions which is included as Attachment B.

Implementation of Strategic Plan Goals

This action supports Goal No. 2, Children, Family, and Adult Well-Being – Strategy 4, partnerships, which involves strengthening partnerships with community based-organizations, foundations, and other governmental agencies to maximize effectiveness, funding sustainability and capacity building; and Goal No. 3, Organizational Effectiveness - which ensures that service delivery systems are efficient, effective, and goal oriented.

FISCAL IMPACT/FINANCING

The Amendment will have no impact on the current allocations approved for delivery of FP services effective July 1, 2011.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

SBAS and BHS submitted to DCFS the required documents and forms for review in accordance with Board policy number 9.041, Evaluation of Vendors/Contractors Engaged in Mergers and Acquisitions.

The Countywide Contracting Network sent out a request to all County departments to provide the number of contracts and the status of those contracts with both SBAS and BHS. Only three County departments reported having contracts with either SBAS and/or BHS. The Department of Public Health (DPH) currently has 16 contracts with SBAS and 20 contracts with BHS all in good standing. DPH has delegated authority for completion of mergers and acquisitions. The Department of Mental Health (DMH) contracts with BHS, and confirmed they will not be impacted by this merger/acquisition transaction. The Housing Authority of Los Angeles County has one contract with BHS and they consider them to be in good standing. Furthermore, the Auditor- Controller provided copies of the audit reports on BHS and considers them to be in good standing.

FP is a part of the Promoting Safe and Stable Families (PSSF) array of services provided in compliance with the California Welfare and Institutions Code (WIC) 165.00.5 Family Preservation Services. The current FP contract with SBAS was procured through an open solicitation and approved by your Board on July 26, 2005. On June 24, 2008, your Board approved extending the

contract for two years from July 1, 2008 through June 30, 2010, with an option for the DCFS Director to extend one additional year under delegated authority. The DCFS Director extended the contract effective July 1, 2010, through June 30, 2011. On April 19, 2011, your Board approved a retroactive increase in services without any change in service rates for the period of July 1, 2010, through June 30, 2011. On May 31, 2011, your Board approved extending the term of the current FP contracts from July 1, 2011, through June 30, 2012.

On March 15, 2011, the California Department of Social Services (CDSS) authorized DCFS to extend the term of the PSSF (FP, Family Support and Adoption Promotion Support Services) and Child Abuse Prevention Intervention and Treatment (CAPIT) contracts through December 31, 2013.

This Board Letter is not timely filed; however, DCFS is accommodating the contractor's request for execution of the amendment to assign and delegate the contract prior to July 1, 2011.

BHS complies with all Board requirements. County Counsel has reviewed this Board letter and approved the attached amendment as to form.

CONTRACTING PROCESS

In compliance with the criteria set forth in the Board's policy number 9.041, Evaluation of Vendors/Contractors Engaged in Mergers and Acquisitions effective December 13, 2005, DCFS completed a thorough review and analysis of the proposed acquisition of SBAS by BHS and the impact this acquisition might have on FP services provided to children and families receiving FP services from the DCFS Torrance regional office.

BHS is not debarred from doing business with either the federal government or the County of Los Angeles. The names of BHS' corporate officers and the members of its board of directors were cleared on the Federal Government's Excluded Parties List System website.

BHS is committed to providing uninterrupted FP services by transitioning all of SBAS' staff to BHS, and continuing the FP array of services by offering mental health counseling, substance abuse services, parenting training, emergency housing, transportation, child focused activities, and in-home outreach counseling. In addition, BHS has committed itself to complying with all of the terms and conditions stipulated in the FP contract.

DCFS received and reviewed a copy of the signed Agreement and Plan of Merger (Attachment C), and a copy of the Certificate of Merger (Attachment D) submitted by BHS to the California Secretary of State. The amendment to assign and delegate this FP contract complies with the standard terms and conditions, assignment and delegation of and change notices and amendments sections of FP contract number 04-025-50.

No additional contracting process is required.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Board approval of the recommended action will allow for a seamless transition of Family Preservation services without changes to the actual persons providing services to children and

families.

CONCLUSION

Upon approval of this request, instruct the Executive Officer, Board of Supervisors to send an adopted stamped copy of the Board letter and attachments to:

1. Department of Children and Family Services
Contracts Administration Division
Attention: Armand Montiel, Assistant Division Chief
425 Shatto Place, Room 400
Los Angeles, California 90020
2. Behavioral Health Services, Inc.
Attention: Henry van Oudheusden, CEO
15519 Crenshaw Boulevard
Gardena, California 90249
3. South Bay Alcoholism Services Inc., d.b.a. NCADD
Attention: Alberta P. Batenburg – Agent for Service of Process
1334 Post Avenue
Torrance, CA 90501
4. South Bay Alcoholism Services Inc., d.b.a. NCADD
Attention: Michael Ballue, Executive Director
1334 Post Avenue
Torrance, CA 90501

Respectfully submitted,



JACKIE CONTRERAS, Ph.D.

Acting Director

JC:

Enclosures

c: Chief Executive Officer
County Counsel
Executive Officer of the Board



AMENDMENT NUMBER EIGHT

TO

**PROMOTING SAFE AND STABLE FAMILIES (PSSF) FAMILY
PRESERVATION SERVICES CONTRACT NUMBER 04-025-50**

WITH

**SOUTH BAY ALCOHOLISM SERVICES DBA NATIONAL COUNCIL ON
ALCOHOL AND DRUGS OF THE SOUTH BAY**

TO ASSIGN THE CONTRACT TO

BEHAVIORAL HEALTH SERVICES (BHS)

CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBER 93.556

77544

**AMENDMENT NUMBER EIGHT
TO FAMILY PRESERVATION PROGRAM – CFDA # 93.556
CONTRACT NUMBER 04-025-50**

This Amendment Number Eight ("Amendment") to Family Preservation (FP) Services Contract Number 04-025-50, ("Contract") adopted by the Board of Supervisors on June 21, 2011, is made and entered into by and between County of Los Angeles, ("COUNTY"), and Behavioral Health Services, Inc. ("CONTRACTOR"), this 21st day of June, 2011.

WHEREAS, on August 9, 2005, COUNTY and South Bay Alcoholism Services d.b.a. National Council on Alcoholism and Drug Dependence of the South Bay (South Bay) entered into a Family Preservation Services contract, further identified as Contract Number 04-025-50, and amendments one through seven thereto (all hereafter referred to as "Contract"); and

WHEREAS, Paragraph 8.0 Assignment and Delegation, of the contract prohibits Assignor from delegating its duties or assigning its rights there under without the prior written consent of County; and

WHEREAS, COUNTY has reviewed the corporate documents submitted by Behavioral Health Services, Inc. and other data and has confirmed that Behavioral Health Services, Inc. agrees to provide the services and assume the duties set forth in the South Bay Alcoholism Services contract; and

NOW, THEREFORE, COUNTY and CONTRACTOR hereby agree to amend the contract as follows:

1. COUNTY acknowledges the change of corporate ownership from South Bay Alcoholism Services to Behavioral Health Services, Inc. Accordingly, the Contract formerly between COUNTY and South Bay Alcoholism Services shall be between COUNTY and Behavioral Health Services, Inc., effective July 1, 2011.
2. COUNTY consents to the assignment and delegation of all rights and responsibilities under the Contract by South Bay Alcoholism Services to Behavioral Health Services, Inc., effective July 1, 2011 by virtue of the Agreement of Merger between South Bay Alcoholism Services and Behavioral Health Services, Inc.; and,
3. Behavioral Health Services, Inc. assumes all responsibilities of South Bay Alcoholism Services by virtue of the merger.
4. Behavioral Health Services, Inc. is able and agrees to fully perform all obligations that exist under the South Bay Alcoholism Services contract.

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5. Behavioral Health Services, Inc. agrees to be bound by and to perform under the South Bay Alcoholism Services contract and any prior contracts with COUNTY in accordance with the conditions contained in the South Bay Alcoholism Services contract and any prior contracts with COUNTY.
6. Behavioral Health Services, Inc. assumes all obligations and liabilities of, and all claims against South Bay Alcoholism Services, including but not limited to, those under the South Bay Alcoholism Services contract, and any prior contracts, as if Behavioral Health Services, Inc. were the original party to the South Bay Alcoholism Services contract.
7. Behavioral Health Services, Inc. assumes responsibility for any and all audit exceptions applied at any time against South Bay Alcoholism Services through any of South Bay Alcoholism Services contracts with COUNTY, or any department thereof. Behavioral Health Services, Inc. assumes responsibility for any audit exceptions whether assessed by Federal, State, or County audit(s). Audit exceptions may arise and become payable before and after the effective date of the merger and the cessation of existence of South Bay Alcoholism Services. The applicable review and dispute resolution procedures under the contract shall apply.
8. Behavioral Health Services, Inc. ratifies all previous actions taken by South Bay Alcoholism Services under the South Bay Alcoholism Services contract, and any prior contracts, with the same force and effect as if the action had been taken by Behavioral Health Services, Inc.
9. COUNTY recognizes Behavioral Health Services, Inc. as South Bay Alcoholism Services successor in interest in and to the South Bay Alcoholism Services contract. Behavioral Health Services, Inc. by this Amendment Number Eight becomes entitled to all rights, title, and interests of South Bay Alcoholism Services in and to the South Bay Alcoholism Services contract as if Behavioral Health Services, Inc. were the original party to the South Bay Alcoholism Services contract. Following the effective date of this contract, the term "CONTRACTOR" as used in the South Bay Alcoholism Services contract shall refer to Behavioral Health Services, Inc.
10. All payments and reimbursements previously made by COUNTY to South Bay Alcoholism Services, and all other previous actions taken by COUNTY under the South Bay Alcoholism Services contract, shall be considered to have discharged those parts of COUNTY's obligation under the South Bay Alcoholism Services contract. All payments and reimbursements made by COUNTY after the date of this amendment in the name of or to Behavioral Health Services, Inc. shall have the same force and effect as if it was made to South Bay Alcoholism Services and shall constitute a complete discharge of the COUNTY's obligation under the South Bay Alcoholism Services contract, to the extent of the amounts paid or reimbursed.

11. Effective July 1, 2011 any payments due under the South Bay Alcoholism Services contract from COUNTY for services which have not yet been paid shall be paid to Behavioral Health Services, Inc.
12. All inadvertent future references to South Bay Alcoholism Services under this contract, shall be deemed references to Behavioral Health Services, Inc.
13. Except as expressly provided in this Amendment Number Eight nothing in it shall be constructed as a waiver of any rights of COUNTY against South Bay Alcoholism Services.
15. Exhibit _____, Budget for July 1, 2011 through June 30, 2012, is attached hereto and made part of Exhibit B, Program Budget.
16. Exhibit FS-5B, Contractor's Administration is attached hereto and made part of this Contract.

ALL OTHER TERMS AND CONDITIONS OF THIS CONTRACT SHALL REMAIN IN FULL FORCE AND EFFECT.

**COUNTY OF LOS ANGELES
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Contract to be subscribed by its Mayor and the seal of such Board to be hereto affixed and attested by the Executive Office thereof, and CONTRACTOR has caused this Contract to be subscribed in its behalf by its duly authorized officer as of the day, month and year first above written. The person signing on behalf of the CONTRACTOR warrants under penalty of perjury that he or she is authorized to bind the CONTRACTOR.

COUNTY OF LOS ANGELES

By Mike Antonovich
Mayor, Los Angeles County

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk of the
Los Angeles County
Board of Supervisors

By Benjamin Javala
Deputy



I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By Benjamin Javala
Deputy

South Bay Alcoholism Services dba National Council on
Alcoholism and Drug Dependence of the South Bay
Assignor

By [Signature]
Name Michael Ballke
Title Executive Director

By Gloria D. Williams
Name Gloria D. Williams
Title Board Secretary

Behavioral Health Services (BHS)
Assignee

By Shirley Summers
Name Shirley Summers
Title Chief Operating Officer

By [Signature]
Name VICTORIA VELARDE
Title Board chair

Tax Identification Number

APPROVED AS TO FORM:

BY THE OFFICE OF COUNTY COUNSEL
ANDREA SHERIDAN ORDIN, COUNTY COUNSEL

BY [Signature] 5/31/2011
Kathleen Bramwell, Principal Deputy County Counsel

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

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JUN 21 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER



AMENDMENT NUMBER EIGHT

TO

**PROMOTING SAFE AND STABLE FAMILIES (PSSF) FAMILY
PRESERVATION SERVICES CONTRACT NUMBER 04-025-50**

WITH

**SOUTH BAY ALCOHOLISM SERVICES DBA NATIONAL COUNCIL ON
ALCOHOL AND DRUGS OF THE SOUTH BAY**

TO ASSIGN THE CONTRACT TO

BEHAVIORAL HEALTH SERVICES (BHS)

CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBER 93.556

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TO FAMILY PRESERVATION PROGRAM – CFDA # 93.556
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WHEREAS, Paragraph 8.0 Assignment and Delegation, of the contract prohibits Assignor from delegating its duties or assigning its rights there under without the prior written consent of County; and

WHEREAS, COUNTY has reviewed the corporate documents submitted by Behavioral Health Services, Inc. and other data and has confirmed that Behavioral Health Services, Inc. agrees to provide the services and assume the duties set forth in the South Bay Alcoholism Services contract; and

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By Mike Antonovich
Mayor, Los Angeles County

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Title Board chair

Tax Identification Number

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ANDREA SHERIDAN ORDIN, COUNTY COUNSEL

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AMENDMENT NUMBER EIGHT

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TO ASSIGN THE CONTRACT TO

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5. Behavioral Health Services, Inc. agrees to be bound by and to perform under the South Bay Alcoholism Services contract and any prior contracts with COUNTY in accordance with the conditions contained in the South Bay Alcoholism Services contract and any prior contracts with COUNTY.
6. Behavioral Health Services, Inc. assumes all obligations and liabilities of, and all claims against South Bay Alcoholism Services, including but not limited to, those under the South Bay Alcoholism Services contract, and any prior contracts, as if Behavioral Health Services, Inc. were the original party to the South Bay Alcoholism Services contract.
7. Behavioral Health Services, Inc. assumes responsibility for any and all audit exceptions applied at any time against South Bay Alcoholism Services through any of South Bay Alcoholism Services contracts with COUNTY, or any department thereof. Behavioral Health Services, Inc. assumes responsibility for any audit exceptions whether assessed by Federal, State, or County audit(s). Audit exceptions may arise and become payable before and after the effective date of the merger and the cessation of existence of South Bay Alcoholism Services. The applicable review and dispute resolution procedures under the contract shall apply.
8. Behavioral Health Services, Inc. ratifies all previous actions taken by South Bay Alcoholism Services under the South Bay Alcoholism Services contract, and any prior contracts, with the same force and effect as if the action had been taken by Behavioral Health Services, Inc.
9. COUNTY recognizes Behavioral Health Services, Inc. as South Bay Alcoholism Services successor in interest in and to the South Bay Alcoholism Services contract. Behavioral Health Services, Inc. by this Amendment Number Eight becomes entitled to all rights, title, and interests of South Bay Alcoholism Services in and to the South Bay Alcoholism Services contract as if Behavioral Health Services, Inc. were the original party to the South Bay Alcoholism Services contract. Following the effective date of this contract, the term "CONTRACTOR" as used in the South Bay Alcoholism Services contract shall refer to Behavioral Health Services, Inc.
10. All payments and reimbursements previously made by COUNTY to South Bay Alcoholism Services, and all other previous actions taken by COUNTY under the South Bay Alcoholism Services contract, shall be considered to have discharged those parts of COUNTY's obligation under the South Bay Alcoholism Services contract. All payments and reimbursements made by COUNTY after the date of this amendment in the name of or to Behavioral Health Services, Inc. shall have the same force and effect as if it was made to South Bay Alcoholism Services and shall constitute a complete discharge of the COUNTY's obligation under the South Bay Alcoholism Services contract, to the extent of the amounts paid or reimbursed.

11. Effective July 1, 2011 any payments due under the South Bay Alcoholism Services contract from COUNTY for services which have not yet been paid shall be paid to Behavioral Health Services, Inc.
12. All inadvertent future references to South Bay Alcoholism Services under this contract, shall be deemed references to Behavioral Health Services, Inc.
13. Except as expressly provided in this Amendment Number Eight nothing in it shall be constructed as a waiver of any rights of COUNTY against South Bay Alcoholism Services.
15. Exhibit _____, Budget for July 1, 2011 through June 30, 2012, is attached hereto and made part of Exhibit B, Program Budget.
16. Exhibit FS-5B, Contractor's Administration is attached hereto and made part of this Contract.

ALL OTHER TERMS AND CONDITIONS OF THIS CONTRACT SHALL REMAIN IN FULL FORCE AND EFFECT.

**COUNTY OF LOS ANGELES
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Contract to be subscribed by its Mayor and the seal of such Board to be hereto affixed and attested by the Executive Office thereof, and CONTRACTOR has caused this Contract to be subscribed in its behalf by its duly authorized officer as of the day, month and year first above written. The person signing on behalf of the CONTRACTOR warrants under penalty of perjury that he or she is authorized to bind the CONTRACTOR.

COUNTY OF LOS ANGELES

By Mike Antonovich
Mayor, Los Angeles County

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk of the
Los Angeles County
Board of Supervisors

By Benjamin Javala
Deputy



I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By Benjamin Javala
Deputy

South Bay Alcoholism Services dba National Council on
Alcoholism and Drug Dependence of the South Bay
Assignor

By [Signature]
Name Michael Ballke
Title Executive Director

By Gloria D. Williams
Name Gloria D. Williams
Title Board Secretary

Behavioral Health Services (BHS)
Assignee

By Shirley Summers
Name Shirley Summers
Title Chief Operating Officer

By [Signature]
Name VICTORIA VELARDE
Title Board chair

Tax Identification Number

APPROVED AS TO FORM:

BY THE OFFICE OF COUNTY COUNSEL
ANDREA SHERIDAN ORDIN, COUNTY COUNSEL

BY [Signature] 5/31/2011
Kathleen Bramwell, Principal Deputy County Counsel

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

12

JUN 21 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

77544

Prospective Contractor acknowledges and certifies that it meets and will comply with all of the Minimum Qualifications listed in Overview, Section 6.0, Minimum Qualifications, of this Request for Statement of Qualifications, as listed below.

Check the appropriate boxes:

- X Yes ☐ No Section 6.0 Three (3) years experience, within the last five (5) years
- X Yes ☐ No Subsection 6.1.1 Certified by Los Angeles County Department of Mental Health (DMH) as a Short-Doyle Medi-Cal provider
- X Yes ☐ No Subsection 6.1.2 Ability to draw down EPSDT funds for the purposes of providing Family Preservation Services services via its arrangement with DMH
- X Yes ☐ No Subsection 6.1.9 Willingness to consider hiring GAIN/GROW participants
- X Yes ☐ No Subsection 6.1.10 Complies with County's Child Support Compliance Program
- X Yes ☐ No Subsection 6.1.11 Certifies intent to comply with County's Jury Service Program

Prospective Contractor further acknowledges that if any false, misleading, incomplete, or deceptively unresponsive statements in connection with this SOQ are made, the SOQ may be rejected. The evaluation and determination in this area shall be at the Director's sole judgment and his judgment shall be final.

Prospective Contractor's Name:

Behavioral Health Services, Inc.

Address:

15519 Crenshaw Blvd.

Gardena, CA 90249

E-mail address: ceohenry@bhs-inc.org

Telephone Number: 310-679-9126

Fax Number: 310-679-2920

On behalf of Behavioral Health Services, Inc. (Prospective Contractor's name), I Henry vanOudheusden (Name of Prospective Contractor's authorized representative), certify that the information contained in this Prospective Contractor's Organization Questionnaire/Affidavit is true and correct to the best of my information and belief.

Henry van Oudheusden
Signature

95-2838006

Internal Revenue Service
Employer Identification Number

President/Chief Executive Officer

Title

910-3288-8

California Business License Number

4-28-11

Date

50543201

County WebVen Number

Listing of DBA's for Behavioral Health Services, Inc.

Name	County of Registration	Year became DBA
American Recovery Center	Los Angeles	3/25/1994
Tom Redgate Memorial Recovery Center	Los Angeles	3/25/1994
Pacifica House	Los Angeles	7/1/1986
Patterns	Los Angeles	7/1/1986
South Bay Senior Services	Los Angeles	5/23/1975
Joint Efforts	Los Angeles	4/1/2010



BEHAVIORAL HEALTH SERVICES, INC.
15519 Crenshaw Boulevard, Gardena, CA 90249
310-679-9126 Fax 310-679-2920 corporate@bhs-inc.org

MEMORANDUM

May 6, 2011

TO: Board Members of South Bay Alcoholism Services dba National Council on Alcoholism and Drug Dependence of the South Bay

FROM: Henry van Oudheusden, MA, MSW, BHS President / CEO

SUBJECT: PROPOSED WORK PLAN FOR BHS Acquisition of South Bay Alcoholism Services dba NCADD South Bay

This memo provides our work plan for the proposed July 1, 2011 Behavioral Health Services, Inc. acquisition of South Bay Alcoholism Services dba National Council on Alcoholism and Drug Dependence of the South Bay. In collaboration and consultation with your Executive Director, Michael Ballue, and several of your board members, we agree to the following:

- 1) Behavioral Health Services, Inc. (BHS) will use National Council on Alcoholism and Drug Dependence of the South Bay as the fictitious business name (dba) for all operations currently operating under that fictitious business name.
- 2) Behavioral Health Services, Inc. will maintain an affiliation with National Council on Alcoholism and Drug Dependence, Inc., only to be severed should significant new conditions arise after the date of the acquisition that would necessitate that severance.
- 3) All current NCADD South Bay staff members will be employed in their current positions and at their current pay rates on the effective date of the acquisition/merger.
- 4) All decisions regarding continued employment of NCADD South Bay staff after the acquisition/merger will be based solely upon performance, available funding and other normal industry criteria, all such criteria being identical to the criteria used to determine the continued employment of pre-merger BHS staff.
- 5) All current NCADD South Bay staff members will retain their seniority and service time accrued during their employment for NCADD South Bay for the duration of their employment with BHS.
- 6) Existing assets of NCADD South Bay at the time of the acquisition/merger, including property and financial holdings will be used to benefit activities and programs performed under that dba.

The mission of BHS is to transform lives by offering hope and opportunities for recovery, wellness and independence.

American Recovery Center
909-865-2336

Boyle Heights Recovery Center
323-262-1786

Community Assessment Services Centers
310-973-2272 (CASC)

Last Los Angeles Recovery Center
323-269-4890

Hollywood Recovery Center
323-461-3161

Inglewood Recovery Center
310-673-5750

Lincoln Heights Recovery Center
323-221-1746

Medicine Education Program
310-679-9035

Pacifica House
323-754-2816

Patterns
310-675-4431

Redgate Memorial Recovery Center
562-599-8444

South Bay Recovery Center
310-679-9031

South Bay Senior Services
310-325-2141

Wilmington Recovery Center
310-549-2710

All the above programs of Behavioral Health Services, Inc. have been accredited by



Joint Efforts, Inc.
310-831-2358



BEHAVIORAL HEALTH SERVICES, INC.
13519 Crenshaw Boulevard, Gardena, CA 90249
310-679-9126 Fax 310-679-2920 corporate@bhs-inc.org

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310-831-2358

May 4, 2011

Los Angeles: Charitable Trusts Section
Office of the Attorney General
300 South Spring Street, Room 1702
Los Angeles CA 90013

Re: Proposed Agreement of Merger

This notice is being made pursuant to California Corporations Code section 6010 (b) which requires advance notice to the Attorney General of the proposed merger of a public benefit corporation.

It is Behavioral Health Services, Inc. intention to merge with/acquire South Bay Alcoholism Services dba National Council on Alcoholism and Drug Dependence of the South Bay. The Boards of Directors of both South Bay Alcoholism Services and Behavioral Health Services, Inc. each have independently voted and approved the acquisition. The minutes of these meetings and Board Resolution are attached.

A new agency will not be formed in the acquisition. Behavioral Health Services, Inc. will be the surviving agency. South Bay Alcoholism Services will be the disappearing agency and the programs and services of South Bay Alcoholism Services dba National Council on Alcoholism and Drug Dependence of the South Bay will become part of Behavioral Health Services, Inc. The articles of incorporation of Behavioral Health Services, Inc. will remain the same. The South Bay Alcoholism Services fictitious business name (or dba) of National Council on Alcoholism and Drug Dependence of the South Bay will be assumed by Behavioral Health Services, Inc. at the effective date of the acquisition, through the County of Los Angeles Registrar Recorder's office.

BHS and South Bay Alcoholism Services dba NCADD South Bay have partnered on a number of contracts and projects over the years and have very similar corporate cultures and future goals.

Page 2: Office of the Attorney General
May 5, 2011

Through multiple discussions of future trends in the field, healthcare reform being one of the largest, both agency's administrative staff identified multiple complementary strengths that could be leveraged to better meet coming challenges and to realize the full benefit of coming opportunities. I have attached the "Reasons and Material Facts" surrounding this proposed merger.

The Certificate of Merger, Agreement of Merger and Certificate of Approval of Agreement of Merger will be signed at Behavioral Health Services, Inc. and South Bay Alcoholism Services' May 2011 Board Meetings and will be submitted to you after that time.

Please advise us if any additional notice or information to your office is necessary. You may contact the Chief Compliance Officer, Debbie Levan, at 310-679-9126 or dlevan@bhs-inc.org.

Sincerely,



Henry van Oudheusden, MA, MSW
President and CEO
Behavioral Health Services, Inc.



Michael Ballue
Executive Director
South Bay Alcoholism Services

C. Shirley Summers
Debbie Levan
Andy Worrell

Enclosures



BEHAVIORAL HEALTH SERVICES, INC.
15519 Crenshaw Boulevard, Gardena, CA 90249
310-679-9126 Fax 310-679-2920 corporate@bhs-inc.org

EXECUTIVE OFFICE

The mission of BHS is to transform lives by offering hope and opportunities for recovery, wellness and independence.

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Joint Efforts, Inc.
310-831-2358

CORPORATE RESOLUTION 11-14

MERGER WITH SOUTH BAY ALCOHOLISM SERVICES
AND BEHAVIORAL HEALTH SERVICES, INC.

March 31, 2011

WHEREAS: With the onset of Healthcare reform and the need to provide comprehensive, best practice, full continuum, behavioral health care services throughout a geographical region, and

WHEREAS: South Bay Alcoholism Services and Behavioral Health Services, Inc. have sites in the South Bay, SPA 8 region, providing services, and

WHEREAS: the merged South Bay Alcoholism Services and Behavioral Health Services, Inc. agencies would create a larger, more flexible entity which would present as a more appealing option to Third Party Insurers, and

WHEREAS: both agencies have performed their Due Diligence and determined that the combined financial, clinical and management services would be in each agency's best interest, and

WHEREAS: the Board of Directors of South Bay Alcoholism Services has approved the merger with Behavioral Health Services, Inc.

NOW THEREFORE, BE IT RESOLVED THAT:

The Board of Directors of Behavioral Health Services, Inc. agrees to merge with South Bay Alcoholism Services, and Behavioral Health Services, Inc. shall remain as the surviving agency under this agreement.

Passed and adopted this 31st day of March 2011.

THE BOARD OF DIRECTORS
OF BEHAVIORAL HEALTH SERVICES, INC.


President of the Board, Henry van Oudheusden

I, Henry van Oudheusden, President of the Board of Directors of Behavioral Health Services, Incorporated, do hereby certify that the foregoing resolution was introduced, approved and adopted by the Board of Directors of Behavioral Health Services, Incorporated, at a regular meeting of said Board held on the 31st day of March 2011.

Reasons and Material Facts of the Proposed Merger of Behavioral Health Services, Inc. and South Bay Alcoholism Services

Behavioral Health Services, Inc. and South Bay Alcoholism Services dba National Council on Alcoholism and Drug Dependence of the South Bay (NCADD South Bay) have partnered on a number of contracts and projects over the years and have very similar corporate cultures and future goals. For over a year, the President/CEO of Behavioral Health Services, Inc., and the Executive Director of South Bay Alcoholism Services have been informing their respective Boards of the large changes that will happen as a result of Healthcare Reform that will affect the substance abuse treatment field. While information is still in the early stages, the trend appears to be that substance abuse agencies need to partner with Federally Qualified Health Clinics, health insurance companies and primary medical partners in order to be able to continue offering substance abuse treatment services through referrals from doctors in primary care. Healthcare reform is a significant driving factor toward substance abuse treatment agencies looking at options for meeting the coming challenges in our field.

In addition, due to a requirement in a recent RFP issued by the County of Los Angeles Department of Public Health, Substance Abuse Prevention & Control for a full continuum of care (inpatient detoxification services, residential treatment, outpatient treatment and aftercare recovery services), the potential exists for South Bay Alcoholism Services to lose their ability to directly contract for alcohol and drug treatment services in Los Angeles County due to the lack of the full continuum of care, specifically the medical detoxification component. The potential of retaining funding through leading consortiums was discussed and then discarded based on the volatility of available services at other public sector agencies and the lack of sufficient administrative infrastructure at South Bay Alcoholism Services to head multiple consortiums. Board members of South Bay Alcoholism Services were clear both on the great changes the agency would have to make between now and 2014, and also the risks of significant loss of contract revenue in the mean time. The Executive Director of South Bay Alcoholism Services discussed with his Board the ability to "re-invent" the Torrance-based facility through seeking non alcohol and drug treatment funding, and that the Westchester facility would continue to be successful as a Driving-Under-the-Influence (DUI) facility. However, the options for the Flossie Lewis Center, a residential treatment program, were far fewer, and neither the Executive Director nor the Board (which includes the retired Executive Director with decades of experience) could formulate a plan to maintain the Flossie Lewis Center in a post-2014 world. Being a flagship program of NCADD South Bay, the potential loss of this Center was a highly unpalatable idea.

South Bay Alcoholism Services began considering the possibility of a merger with Behavioral Health Services in late fall 2010. Merging with a larger agency that had the resources necessary to meet the challenges of the coming transformation of our field appeared to be the most likely way to preserve the services NCADD South Bay provides for its constituents and to preserve employment for its loyal and dedicated employees. Of course, there were grave concerns about what changes such a merger would bring about. The necessary qualities in a potential

merger partner were discussed. Only BHS and Tarzana Treatment Centers have medical detoxification services to complete the continuum of care, and have sufficient resources, including a strong information technology infrastructure. NCADD South Bay has had a long standing history of mutually beneficially partnerships with BHS, but none with Tarzana Treatment Centers. BHS is also a far more desirable partner geographically. In addition, BHS has a history of honoring the names and community commitment of its 2010 merger partner known to NCADD South Bay, namely Joint Efforts.

The Executive Director of South Bay Alcoholism Services initiated discussions with the President/CEO of BHS about the potential for a merger and was able to report back to the Board that BHS would welcome all NCADD South Bay staff, (as Board members were concerned that some NCADD South Bay administrative staff including the Executive Director, would lose their jobs), and that they would maintain the NCADD South Bay fictitious business name and national affiliation with the National Council on Alcoholism and Drug Dependence. The Board was happy to hear this and began exploring in more detail what a merger with BHS would be like. The President/CEO of BHS and Executive Director of South Bay Alcoholism Services co-presented the positive impact the merger would have on both agencies. Three of South Bay Alcoholism Services' board members visited BHS's office and met with their administrative team. Two of NCADD South Bay's Board Members met with BHS's Chief Operating Officer and a board member from Joint Efforts who had transitioned onto BHS's board after BHS's previous acquisition of Joint Efforts. These board members were able to verify firsthand that the retention of the Joint Efforts name and their community identity remained intact. Based on reports from these board members and the convenience of a July 1 merger date, the board of South Bay Alcoholism Services voted to pursue the merger, with the retention of legal counsel for guidance.

Behavioral Health Services, Inc. also proceeded with due diligence in researching the potential benefits of the acquisition of South Bay Alcoholism Services dba NCADD South Bay. A BHS Board Team comprised of the CFO, Treasurer and another board member met with 2 board members of South Bay Alcoholism Services to review financials of South Bay Alcoholism Services. The BHS President/CEO and Chief Operating Officer also met with the Executive Director and board members of South Bay Alcoholism Services to review their various programs and facilities. Through the acquisition, BHS would expand its geographic coverage and strengthen service delivery through the acquisition of new programs such as the tobacco prevention program, a larger DUI program and vocational programs which help to round out the continuum of care. NCADD South Bay also brings an extremely competent and professional executive management team who has experience with private pay and 3rd party billing, which will be very important for healthcare reform readiness. NCADD South Bay's strong fiscal viability increases BHS's buying power and ability to negotiate better rates for insurance, supplies, etc. Both of these teams recommended to the BHS full Board to proceed with the acquisition. At their March 2011 Board Meeting, the BHS Board adopted a resolution to merge with South Bay Alcoholism Services, with Behavioral Health Services, Inc. as the surviving agency and South Bay Alcoholism Services as the disappearing agency.

NATIONAL COUNCIL ON ALCOHOLISM & DRUG DEPENDENCE
OF THE SOUTH BAY

MINUTES OF THE BOARD OF DIRECTORS MEETING
March 18, 2011

Present

Betty Batenburg
May Cambra
Emerson Fersch
Maggie Gordon
Pete Gorman
Sue Herbers
Richard Merrick
Grace Murphy
Gloria Williams

Absent

Bishop Milton Herring
Al Shepetuk (leave of absence)
Robert Smith (leave of absence)
Stephen Stewart

Staff

Michael Ballue
Dolores Cobleigh
Deborah Hawkins

CHAIRPERSON'S REPORT

Chairperson Grace Murphy called the meeting to order at 12:15 pm. She welcomed everyone and introductions were made.

Executive Director Michael Ballue introduced Program Director Deborah Hawkins of our DUI Program (First Offenders). Ms Hawkins presented an update/report on her accomplishments and goals for her program. Ms Hawkins started her report by educating the board on the Ignition Interlock Device (IID). This new "pilot project" went into effect in July 2010; this new law requires that every individual convicted of a first-offense California DUI in Los Angeles, Alameda, Tulare and Sacramento counties must install an IID on any car he/she operates and/or drives. She stated that this new law serves as a deterrent and that the number of repeat DUIs is reduced.

Chairperson Grace Murphy thanked Program Director Deborah Hawkins for her report and excused her from attending the remainder of the Board meeting.

Chairperson Grace Murphy requested a motion to accept the minutes of the February 18, 2011 Board of Directors meeting. **It was MSP (M. Cambra/B. Batenburg) to accept the minutes of the February 18, 2011 as submitted.**

EXECUTIVE DIRECTOR'S REPORT

Executive Director Michael Ballue started his report updating the board on the meeting with Joint Efforts/Behavior Health Services (BHS). With input from Dr. Merrick and Maggie Gordon who were present at the meeting, they informed the board that the meeting had gone well and that Joint Efforts was better off as part of BHS.

Next, Mr. Ballue asked the board what next steps they wished to take to explore the merger. After questions and discussion the board voted to begin the merger process.

Chairperson Grace Murphy requested a motion to move forward with the merge with BHS. A motion was made by Board member Maggie Gordon and seconded by Dr. Merrick.

**NATIONAL COUNCIL ON ALCOHOLISM & DRUG DEPENDENCE
OF THE SOUTH BAY**

Chairperson Grace Murphy called for a vote, Maggie Gordon, Grace Murphy, May Cambra, Sue Herbers, Dick Merrick and Betty Batenburg voted to merge with BHS. Three Board members abstained, Peter Gorman, Emerson Fersch and Gloria Williams. After further discussion, Board member Gloria Williams and Pete Gorman changed their votes to yes.

Mr. Ballue informed the board that at Substance Abuse Prevention and Control meetings it had been announced that the county would not include substance abuse in the county Medi-Cal waiver and that healthcare reform contracts were very likely to be case rate or capitation in nature.

Next, Mr. Ballue informed the board that fee for service Anger Management programs had launched here in Torrance and that we had received a recommendation for funding (\$7,500) under the Carson Community Development Block Grant. He also informed the board that we were exploring funding from South Bay Center for Counseling and The Ramos Foundation for Job Placement for Youth.

Mr. Ballue informed the board that CNN Local Edition would air the NCADD South Bay interview in April including an appeal to the community to help with job placement for Flossie Lewis graduates.

Last, Mr. Ballue discussed with the board the agency's Substance Abuse Policy, as questions had arisen around staff drinking off hours and off premises. After a brief discussion the board decided to explore BHS policy secondary to the merger.

Board member Richard Merrick requested that the agency policy be written in the minutes for better understanding.

Substance Abuse (handbook page D-25)

The Organization provides services that include services to individuals who have a history of problems with the use and abuse of alcohol, tobacco and other drugs. It is the Organization's policy to promote and exemplify sobriety and a drug-free lifestyle. This policy includes that all Employees shall not engage in illicit drug use on or off duty and not use alcohol during working hours. In keeping with its commitment, the Organization strictly prohibits the use, transfer, possession, distribution, sale of illegal drugs or alcohol while on duty (whether or not on Organization premises)' while on Organization premises (whether or not on duty), or while operating a vehicle. Based upon certain agency requirements, urine tests may be required periodically and on a random basis. It is the Employee's obligation to present a copy of any medically authorized mood altering or psychotropic prescriptions to their Program Director. Such copies must be presented within five (5) days of receipt and not at the time of a requested urine test.

Each Employee of the Organization prior to employment shall be free of and have had the last two (2) years free from any chemical dependency (unless otherwise specified in the job description). All Employees are required to attest that they are in compliance with this policy. Falsifying this information will result in immediate dismissal.

**NATIONAL COUNCIL ON ALCOHOLISM & DRUG DEPENDENCE
OF THE SOUTH BAY**

NOMINATING COMMITTEE - None

FINANCIAL COMMITTEE REPORT

Treasurer Betty Batenburg presented the February 28, 2011 financial statements and reported that the total cash in our checking accounts as of 02/28/11 is \$73,971. The Charles Schwab Money Market Account balance is \$103,407 and ING Direct Savings is \$204,917 Total Assets are \$2,225,727. The Year-to-Date Depreciation figure for furniture, equipment and improvements is \$43,904

Total Current Liabilities are \$120,608 and our Long-Term Liabilities/Mortgage Loan (Long Beach) is \$769,583. The decrease in income over expenses for February 2011 is (\$3,228) and Year-to-Date is (\$17,242). **It was MSP (G.Williams/M. Cambra) to accept the financial report and to file it for audit.**

OLD BUSINESS

Mr. Ballue reminded the board that the Annual Flossie Lewis Luncheon was approaching on April 28th and reminded the board of the importance of board members support. We are in need of silent auction items/donations.

NEW BUSINESS - None

The meeting adjourned at 1:40pm

Chairperson Grace Murphy thanked everyone for attending and announced that the next Board of Directors meeting will be held on Friday, April 15, 2011 at 12:00 pm.



State of California Secretary of State





OBE MERG

Certificate of Merger

(California Corporations Code sections
1113(g), 6019.1, 8019.1, 9640, 12540.1, 15911.14, 16915(b) and 17552)

IMPORTANT — Read all instructions before completing this form.

This Space For Filing Use Only

1. NAME OF SURVIVING ENTITY Behavioral Health Services, Inc.	2. TYPE OF ENTITY Not-for-Profit Corporation	3. CA SECRETARY OF STATE FILE NUMBER 676500	4. JURISDICTION Los Angeles County
5. NAME OF DISAPPEARING ENTITY South Bay Alcoholism Services	6. TYPE OF ENTITY Not-for-Profit Corporation	7. CA SECRETARY OF STATE FILE NUMBER 742016	8. JURISDICTION Los Angeles County
9. THE PRINCIPAL TERMS OF THE AGREEMENT OF MERGER WERE APPROVED BY A VOTE OF THE NUMBER OF INTERESTS OR SHARES OF EACH CLASS THAT EQUALED OR EXCEEDED THE VOTE REQUIRED. IF A VOTE WAS REQUIRED, SPECIFY THE CLASS AND THE NUMBER OF OUTSTANDING INTERESTS OF EACH CLASS ENTITLED TO VOTE ON THE MERGER AND THE PERCENTAGE VOTE REQUIRED OF EACH CLASS. ATTACH ADDITIONAL PAGES, IF NECESSARY.			
SURVIVING ENTITY		DISAPPEARING ENTITY	
<u>CLASS AND NUMBER</u> Directors 10	<u>AND</u> 51%	<u>CLASS AND NUMBER</u> Directors 13	<u>AND</u> 51%
10. IF EQUITY SECURITIES OF A PARENT PARTY ARE TO BE ISSUED IN THE MERGER, CHECK THE APPLICABLE STATEMENT. <input checked="" type="checkbox"/> No vote of the shareholders of the parent party was required. <input type="checkbox"/> The required vote of the shareholders of the parent party was obtained.			
11. IF THE SURVIVING ENTITY IS A DOMESTIC LIMITED LIABILITY COMPANY, LIMITED PARTNERSHIP, OR PARTNERSHIP, PROVIDE THE REQUISITE CHANGES (IF ANY) TO THE INFORMATION SET FORTH IN THE SURVIVING ENTITY'S ARTICLES OF ORGANIZATION, CERTIFICATE OF LIMITED PARTNERSHIP OR STATEMENT OF PARTNERSHIP AUTHORITY RESULTING FROM THE MERGER. ATTACH ADDITIONAL PAGES, IF NECESSARY.			
12. IF A DISAPPEARING ENTITY IS A DOMESTIC LIMITED LIABILITY COMPANY, LIMITED PARTNERSHIP, OR PARTNERSHIP, AND THE SURVIVING ENTITY IS NOT A DOMESTIC ENTITY OF THE SAME TYPE, ENTER THE PRINCIPAL ADDRESS OF THE SURVIVING ENTITY. PRINCIPAL ADDRESS OF SURVIVING ENTITY CITY AND STATE ZIP CODE			
13. OTHER INFORMATION REQUIRED TO BE STATED IN THE CERTIFICATE OF MERGER BY THE LAWS UNDER WHICH EACH CONSTITUENT OTHER BUSINESS ENTITY IS ORGANIZED. ATTACH ADDITIONAL PAGES, IF NECESSARY.			
14. STATUTORY OR OTHER BASIS UNDER WHICH A FOREIGN OTHER BUSINESS ENTITY IS AUTHORIZED TO EFFECT THE MERGER.		15. FUTURE EFFECTIVE DATE, IF ANY ____ - ____ - ____ (Month) (Day) (Year)	
16. ADDITIONAL INFORMATION SET FORTH ON ATTACHED PAGES, IF ANY, IS INCORPORATED HEREIN BY THIS REFERENCE AND MADE PART OF THIS CERTIFICATE.			
17. I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT OF MY OWN KNOWLEDGE. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.			
 SIGNATURE OF AUTHORIZED PERSON FOR THE SURVIVING ENTITY		Henry van Oudheusden, President and CEO TYPE OR PRINT NAME AND TITLE OF AUTHORIZED PERSON	
 SIGNATURE OF AUTHORIZED PERSON FOR THE SURVIVING ENTITY		Victoria Velarde, Board Chair TYPE OR PRINT NAME AND TITLE OF AUTHORIZED PERSON	
 SIGNATURE OF AUTHORIZED PERSON FOR THE DISAPPEARING ENTITY		Michael J. Ballue, Executive Director TYPE OR PRINT NAME AND TITLE OF AUTHORIZED PERSON	
 SIGNATURE OF AUTHORIZED PERSON FOR THE DISAPPEARING ENTITY		Grace Murphy, Board Chair TYPE OR PRINT NAME AND TITLE OF AUTHORIZED PERSON	
For an entity that is a business trust, real estate investment trust or an unincorporated association, set forth the provision of law or other basis for the authority of the person signing: _____			

National Council on Alcoholism and Drug Dependence of the South Bay

1334 Post Avenue, Torrance, California 90501-2620
Phone (310) 328-1460 Fax (310) 328-1964

Administrative Office
1334 Post Avenue
Torrance, CA 90501
www.ncaddsb.com

Adolescent Program

Building Blocks

Alcohol & Other
Drug Prevention Services

Domestic Violence
Program For Batterers

Family Preservation
Program

Flossie Lewis Center

High Gain Drinking
Driver Programs

Outpatient Programs

Partnership for Families

Project Fatherhood

Promoting Safe & Stable
Families

Tobacco Education
Program

Certificate of Approval of Agreement of Merger

Grace Murphy and Gloria Williams certify that:

1. They are the chairman of the board and the secretary, respectively, of South Bay Alcoholism Services, a California Nonprofit Public Benefit corporation.
2. The principal terms of the Agreement of Merger in the form attached were duly approved by the board of directors at the meeting of May 20, 2011.
3. South Bay Alcoholism Services has no members.
4. No other approvals are required.
5. The Attorney General of the State of California has been given notice of the merger.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

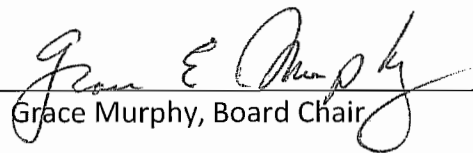
May 20, 2011

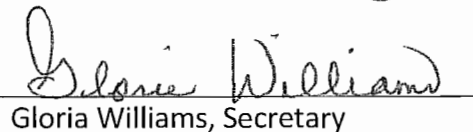
BOARD OF DIRECTORS

Grace E. Murphy, RN, MFT
Chairperson
Al Shepetuk
Vice Chair
Gloria Williams
Secretary
Betty Batenburg
Treasurer

May Cambra
Kimberley Davidson, Esq.
Maggie Gordon, M.Ed., MBA
Peter Gorman
Sue Herbers
Pastor Milton S. Herring
Richard Merrick, MD, FASAM
Barbara Mignosi, M.Ed., MA
Robert Smith
Lynn Stearns
Stephen Stewart

Michael Ballue
Executive Director


Grace Murphy, Board Chair


Gloria Williams, Secretary


17. Entire Agreement: This Agreement constitutes the entire agreement of the parties, superseding any prior written or oral agreements between them on the same subject.

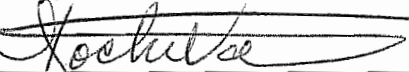
18. Counterparts: This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original instrument, but all of them together shall constitute only one Agreement.

19. Further Assurances: On request by Surviving Corporation, Disappearing Corporation, through its officers and directors, shall from time to time execute and deliver any documents and instruments and take any actions desirable or necessary to vest in Surviving Corporation the title to and possession of all rights, properties, assets, trusts, and business of Disappearing Corporation or otherwise to carry out the full intent and purpose of this Agreement.


IN WITNESS WHEREOF, Disappearing Corporation and Surviving Corporation have executed this Agreement on the day and year first above written.

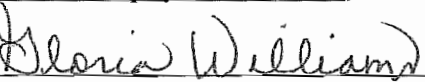
Behavioral Health Services, Inc.

by 
Henry van Oudheusden, President

by 
Xochitl Valentine, Secretary

South Bay Alcoholism Services, Inc.

by 
Grace Murphy, President

by 
Gloria Williams, Secretary

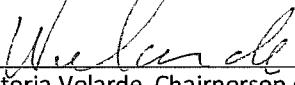
Agreement of Merger

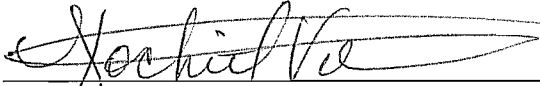
This agreement is entered into between Behavioral Health Services, Inc., a California Nonprofit Public Benefit corporation, (herein *Surviving Corporation*) and South Bay Alcoholism Services, a California Nonprofit Public Benefit corporation, (herein *Merging Corporation*).

1. Merging Corporation shall be merged into Surviving Corporation.
2. There are no members of either the merging or the surviving corporation.
3. Merging Corporation shall from time to time, as and when requested by Surviving Corporation, execute and deliver all such documents and instruments and take all such action necessary or desirable to evidence or carry out this merger.
4. The effect of the merger and the effective date of the merger shall be upon filing with the State of California Secretary of State.

IN WITNESS WHEREOF the parties have executed this Agreement.

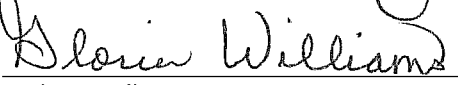
Behavioral Health Services, Inc.


Victoria Velarde, Chairperson of the Board


Xochitl Valentine, Secretary

South Bay Alcoholism Services


Grace Murphy, Chairperson of the Board


Gloria Williams, Secretary

National Council on Alcoholism and Drug Dependence of the South Bay

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BOARD OF DIRECTORS

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Chairperson
Al Shepetuk
Vice Chair
Gloria Williams
Secretary
Betty Batenburg
Treasurer

May Cambra
Kimberley Davidson, Esq.
Emerson Fersch
Maggie Gordon, M.Ed., MBA
Peter Gorman
Sue Herbers
Bishop Milton S. Herring
Richard Merrick, MD, FASAM
Robert Smith
Stephen Stewart

Michael Ballue
Executive Director

BOARD OF DIRECTORS RESOLUTION APPROVING A MERGE

WHEREAS, the Board of Directors of South Bay Alcoholism Services has assembled in a meeting this **20th day of May 2011**;

WHEREAS, with the onset of Healthcare reform and the need to provide comprehensive, best practice, full continuum, behavioral health care services throughout a geographical region, and

WHEREAS, South Bay Alcoholism Services and Behavioral Health Services, Inc. have sites in the South Bay, SPA 8 region, providing services, and

WHEREAS, the merged South Bay Alcoholism Services and Behavioral Health Services, Inc. agencies would create a larger, more flexible entity which would present as a more appealing option to Third Party Insurers, and

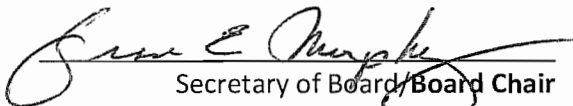
WHEREAS, both agencies have performed their Due Diligence and determined that the combined financial, clinical and management services would be in each agency's best interest, and

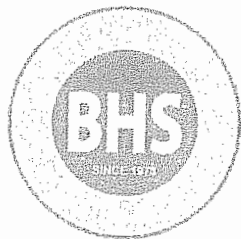
WHEREAS, the Board of Directors of Behavioral Health Services, Inc has approved the merge with South Bay Alcoholism Services, Inc.

NOW THEREFORE, BE IT RESOLVED THAT:

The Board of Directors of South Bay Alcoholism Services agrees to merge with Behavioral Health Services, and Behavioral Health Services, Inc. shall remain as the surviving agency under this agreement.

The undersigned Grace Murphy (Secretary of the Board or **Board Chair**) of South Bay Alcoholism Services hereby certifies that the foregoing resolutions were introduced, approved and duly adopted by the Board of Directors on the **20th day of May, 2011.**


Secretary of Board/Board Chair
May 20, 2011
Date



BEHAVIORAL HEALTH SERVICES, INC.
15519 Crenshaw Boulevard, Gardena, CA 90249
310-679-9126 Fax 310-679-2920 corporate@bhs-inc.org

The mission of BHS is to transform lives by offering hope and opportunities for recovery, wellness and independence.

American Recovery Center
909-865-2336

Boyle Heights Recovery Center
323-262-1786

Community Assessment Services Centers
310-973-2272 (CASC)

East Los Angeles Recovery Center
323-269-4890

Hollywood Recovery Center
323-461-3161

Inglewood Recovery Center
310-673-5750

Lincoln Heights Recovery Center
323-221-1746

Medicine Education Program
310-679-9035

Pacifica House
323-754-2816

Patterns
310-675-4431

Redgate Memorial Recovery Center
562-599-8444

South Bay Recovery Center
310-679-9031

South Bay Senior Services
310-325-2141

Wilmington Recovery Center
310-549-2710

All the above programs of Behavioral Health Services, Inc. have been accredited by



Joint Efforts, Inc.
310-831-2358

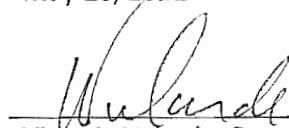
Certificate of Approval of Agreement of Merger

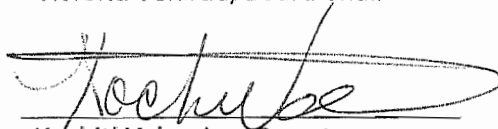
Victoria Velarde and Xochitl Valentine certify that:

1. They are the Board Chair and the Secretary, respectively, of Behavioral Health Services, Inc., a California Nonprofit Public Benefit corporation.
2. The principal terms of the Agreement of Merger in the form attached were duly approved by the board of directors at the meeting of March 31, 2011.
3. Behavioral Health Services, Inc. has no members.
4. No other approvals are required.
5. The Attorney General of the State of California has been given notice of the merger.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

May 20, 2011


Victoria Velarde, Board Chair


Xochitl Valentine, Secretary